HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

Housing starts will begin to taper off

Third Quarter 2005

Overview

Housing starts:

2005: 218,900

2006: 200,200

Resales:

2005: 455,900

2006: 433,700

Housing starts: Starts will remain very strong at 218,900 units in 2005, their second highest level since 1988. Starts will continue to edge lower in 2006, to 200,200 units. Rising mortgage carrying costs and reduced spillover demand from the existing home market are some of the factors that will dampen starts.

Resales: Sales of existing homes will remain near record levels in 2005, edging down to 455,900 units. In 2006 sales will fall to 433,700 units due to both rising house prices and the slight increase in mortgage rates.

Resale prices: House price growth will remain strong at 9 per cent in 2005. In 2006, however, as markets become more balanced growth in prices will slow to 4.9 per cent. (Details on Page 3)

The Nation's HOT SPOT

British Columbia: British Columbia's economy is forecast to grow at a strong pace in 2005 and 2006, which will fuel job creation and migration toward the province. As a result, housing starts will continue to increase in 2005 to 33,600 units. (Details on Page 9)

Alberta: While housing starts will edge lower in Alberta, at 36,000 units, 2005 will be the fourth best year since 1982. Strong economic growth will nevertheless fuel housing demand and will push MLS® sales to 59,000 units in 2005, the highest level ever. (Details on Page 10)

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Canada

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HOME TO CANADIANS

CMHC — HOME TO CANADIANS

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National Housing Outlook

In Detail

Housing starts in 2005 will not match last year's pace of over 233,000 units. Starts will slow to 218,900 units in 2005 and to 200,200 units in 2006. In spite of the decrease, new home construction will remain strong by historical standards. The forecast of 218,900 starts for 2005 represents a slight upward revision from previous forecast of 216,400 starts. The revision is due in part to the unanticipated decrease in longer term mortgage rates between March and June of this year.

While economic conditions will continue to favour high levels of new home construction, there are a number of factors that will cause the pace of activity to moderate this year and next. Continued, although slower, growth in house prices coupled with modest increases in mortgage rates in the second half of this year and in 2006 will lead to an increase in mortgage carrying costs. This will cause a gradual erosion of housing demand, particularly among first-time buyers, many of whom do not have equity to draw on for a downpayment. Therefore, first-time buyers might find the rise in mortgage carrying costs harder to bear. Moreover, slower growth in rents in recent years has caused the gap between the cost of renting and owning a home to widen, which could also reduce homeownership demand among potential first-time buyers.

Other factors also point towards a decrease in the pace of new home construction. The existing home market is expected to move toward more balanced conditions over the next couple of years. As this happens, there will be less spillover of buyers from the existing home market into the new home market. The pent-up demand that built up during most of the 1990s is gradually eroding. As a result, housing starts will gradually move in line with demographic fundamentals. Rising construction costs will contribute to an increased price differential between new and existing homes, which will cause demand for new homes to slow.

Starts of single homes peaked in 2004

Single detached starts have increased by 40 per cent since 2000, to reach more than 129,000 units in 2004, their highest level since 1987. Single starts will fall by 9.0 per cent to 117,600 units in 2005 and decline by an additional 9.7 per cent to 106,200 units in 2006.

Starts of single-detached homes will decrease in most provinces in 2005. In percentage terms, the largest decreases will be in Ontario (18.2 per cent), Newfoundland (15.7 per cent), and Quebec (8.2 per cent). The Prairies is the only region where single starts will increase in 2005. In Manitoba, single starts will increase by 3.3 per cent. In Alberta and Saskatchewan, single starts will grow by 2.3 per cent and 0.3 per cent, respectively.

Starts of multi-family homes will edge lower in 2005

Multiple-family housing starts, which include semi-detached and row homes, as well as apartment units, increased by about 75 per cent from 2000 to 2004. Starts of multiple units are expected to slow this year and next although to a lesser extent than for single detached homes. The slower decline in multiple starts reflects a shift in demand toward less expensive homes.

Multiple dwelling starts will moderate to 101,300 units in 2005 (down 2.8 per cent) and to 94,000 units in 2006 (down 7.2 per cent). Starts of semi-detached homes, apartments, and row houses will decrease by 7.3 per cent, 2.3 per cent, and 1.5 per cent, respectively in 2005.

Multiple-family starts will only decrease in four out of ten provinces in 2005. These include Newfoundland, PEI, Quebec and Alberta. Lower multiple starts in these four provinces will more than offset gains in the rest of the country.

MLS® sales will remain strong

Existing home sales, as measured by the Multiple Listing Service (MLS®), have set new records in each of the last three years. While MLS® sales will fall short of last year's 460,700 unit pace, at 455,900 units in 2005, existing home sales will remain very close to record levels and will post their second highest year on record. A rise in new listings will help keep MLS® sales strong in 2006 at 433,700 units. However, the steady price increases of the past three years and the expected rise in mortgage rates will push mortgage carrying costs higher and cause housing demand to ease gradually.

The largest decrease in MLS® sales will be in Quebec (-6.6 per cent), followed by Newfoundland, Prince-Edward Island, Ontario, and Nova Scotia. MLS® sales will increase in New Brunswick, the Prairie provinces, and British Columbia.

House price gains will remain strong in 2005

The rate of increase in existing home prices will moderate only slightly to 9.0 per cent in 2005 as strong sales continue to foster sellers' market conditions. In 2006, however, existing home markets will become more balanced and price pressures will ease. The average MLS® price will increase by 4.9 per cent in 2006.

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Trends Impacting Housing

The Economy

Growth in real gross domestic product (GDP) in the first quarter of 2005 was sluggish at 2.3 per cent, but was in line with our expectations. A key source of weakness in the first quarter was the trade sector: exports grew at a robust pace of 5.9 per cent in the quarter, however, import growth was an even stronger 10.6 per cent. Therefore, on net, trade continued to dampen GDP growth, as it has since the third quarter of 2004. A run-down in business inventories also held back growth in the first three months of 2005. On the other hand, final domestic demand, an indicator of the performance of the domestic portion of the economy, expanded at a robust rate of 5.8 per cent in the first quarter of 2005. As expected, the interest rate sensitive components such as investment in machinery and equipment and consumer spending, particularly for durable goods, led the way.

Economic growth is expected to remain modest in the second quarter of 2005 as the significant build-up of business inventories late in 2004 continues to be drawn down. However, GDP growth will accelerate in the second half of 2005 to average 2.8 per cent for the year. GDP growth will strengthen to 3.2 per cent in 2006.

Mortgage Rates

Inflation in Canada is well behaved. Given the continuation of below-trend growth in the first half of 2005, inflationary pressures are unlikely to build significantly in the near term. However, a number of indicators suggest that the Canadian economy is operating close to its capacity; the near record employment to population ratio implies that the economy is at full-employment, capacity utilization rates are very high, and the output gap is small. Therefore, the Bank of Canada is expected to move toward more neutral monetary conditions by gradually raising interest rates in 2005 and 2006. As a result, the prime lending rate will rise slowly this year and next.

The five-year fixed mortgage is the most popular term and the rates on these mortgages vary in response to the cost of raising funds in the bond markets. Between March and June of this year, bond yields have moved lower, resulting in a decrease of 55 basis points in the posted 5 year mortgage rate.

Posted mortgage rates are forecast to rise moderately in the second half of 2005 and continue to rise in 2006. However, tame inflation, a strong Canadian dollar vis-à-vis its U.S. counterpart, and slower economic growth in Canada will restrain the size and speed of Canadian interest and mortgage rate increases.

Mortgage rates are expected to remain low, rising by about 25 basis points this year and about 50 basis points in 2006. One, three and five-year posted mortgage rates are forecast to be in the 4.50-5.75, 5.25-6.25, and 5.50-6.50 per cent ranges respectively in 2005-06.

Migration

The target range for immigration is for between 220,000 and 245,000 new permanent residents per year. In 2004, more than 235,000 immigrants came to Canada, up from about 221,000 the previous year.

Looking ahead, immigration will continue to strengthen. Recently arrived immigrants tend to initially settle in rental housing. However, as time passes, a rising share of immigrants purchase their homes.

Employment and Income

Employment grew at a strong pace of 1.8 per cent in 2004 and most of the new jobs created were full-time positions. Since the start of 2002, about 1.1 million jobs have been created, which has caused the unemployment rate to drift down (the unemployment rate was 6.7 per cent in June 2005, its lowest level on record).

Given that the Canadian economy is close to full employment, we expect the pace of employment growth to slow to a more sustainable pace that is in line with the increase in the population. Thus, employment is forecast to grow by 1.5 per cent in 2005 and by 1.4 per cent in 2006.

Growth in personal disposable income remained strong at 3.9 per cent in 2004, more than twice the rate of inflation, as measured by the consumer price index, which was 1.8 per cent. Rising employment and income will support continued healthy demand for housing.

Consumer Confidence

Strong employment and income gains combined with low interest rates have contributed to positive consumer sentiment. The Conference Board of Canada's index of consumer attitudes remains relatively high and indicates that Canadians are upbeat about their current and future financial situation. Confident consumers will keep demand for housing strong this year and next.

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Trends at a Glance

Key factors and their Effects on Residential Construction

Factor	Comment
Mortgage Rates	Mortgage rates will rise modestly over the next two years although they will remain low in historical terms. This will progressively ease housing demand.
Employment	Employment will continue to stimulate housing demand. However, as we approach full employment, job growth will slow to rates that are more in line with population growth. This will in turn temper housing demand.
Income	Slower employment growth could dampen disposable income gains slightly. However, household income growth will help to partially offset the negative impact of increased mortgage carrying costs on housing demand.
Net Migration	Immigrants tend to settle initially in rental housing in large urban centres. Therefore, at first, recovering immigration levels, will boost demand for rental housing. However, over time, as an increasing share of immigrants buy homes, there will be upward pressure on homeownership demand and housing starts.
Natural Population Increase	Canada's population is aging and there are fewer people in their child bearing years. Thus, the contribution of births to population growth is declining. However, the impact of today's lower births on household formation and housing demand wont be felt until these young Canadians grow up and move out on their own in 20 to 30 years.
Consumer Confidence	The index of consumer attitudes, as measured by the Conference Board of Canada, indicates that consumers remain very confident. Favourable economic conditions this year and next will keep consumers in a spending mood which will support the housing market.
Resale Market	A high level of new listings coupled with lower MLS sales, particularly in 2006, will help the resale market move toward more balanced conditions. Hence, price increases will be more modest in 2006. A more balance resale market will also result in less spillover of buyers into the new home market and put downward pressure on starts.
Vacancy Rates	The vacancy rates across Canada's metropolitan centres climbed for a third consecutive year in 2004. With rental demand waning, future rental housing starts will be limited.

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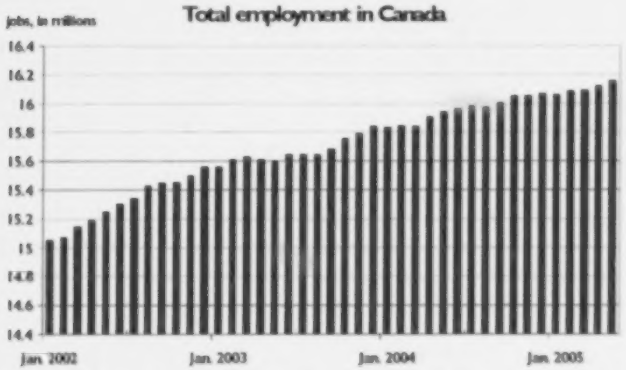
RENOVATION FORECAST

Record levels of existing home sales in recent years, the effects of a strong job market, and robust housing starts will continue to support strong growth in renovation spending in 2005. However, the rate of increase in renovation spending is expected to moderate in 2006 due to slower job growth and a decrease in new home construction and resale activity.

Short term outlook

Renovation spending has climbed steadily since 1999[1] due to the solid performance of the Canadian economy, in particular, the strong performance of the housing and labour markets. Robust job growth has generated steady income gains, which has helped finance renovation projects and has given consumers the confidence to go ahead with the major expenditures that the renovations entail. Low mortgage rates and record sales of existing homes over the past several years have also contributed to the pick-up in renovation activity.



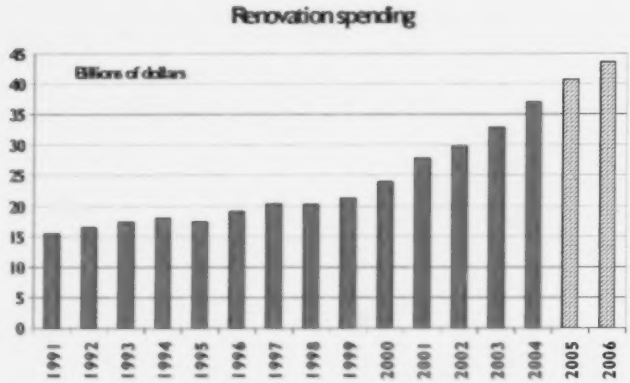
Sources: CMHC, adapted from Statistics Canada (LFS)

Looking ahead, renovation spending will remain strong, increasing by 10.1 per cent in 2005 to reach $40.7 billion in 2005. As activity in the resale market begins to cool, so will growth in renovation expenditures. As a result, renovation spending will grow by 7.1 per cent to reach $43.6 billion in 2006.

Record levels on the resale market in 2004, again!

Sales of existing homes are the principle driving force behind renovation spending. MLS® sales reached a record 460,703 units in 2004, surpassing the previous record set in 2003 by over 26,000 sales. Generally, households tend to renovate within the first three years following the purchase of an existing home.

This year the level of sales of existing homes is expected to edge lower to 455,900 units, down one per cent from



Sources: CMHC Forecast 2005-2006, Statistics Canada

2004's record pace, making 2005 the second best year on record. In 2006, existing home sales will drop by 4.9 per cent, nevertheless will remain high at close to 434,000 units. The record setting pace of resale activity in recent years and the continued high volume of activity over the forecast period will provide a solid foundation for renovation spending, as the new owners invest in home improvements.

Low interest rates keep costs of financing larger renovations down

Tapping into home equity through mortgage refinancing, or secured lines of credit can be an important way of financing larger renovation projects. During the last year, the posted five year mortgage rate has been at its lowest level since the 1950s. At the same time, rising house prices have increased the amount of equity available to homeowners to borrow against. With interest rates expected to remain low over the next couple of years, refinancing will remain attractive, which in turn will provide a boost to renovation activity.

[1]According to Statistics Canada, revisions have been made to renovation spending due to the fact that the level of renovation activity was under-estimated over the 1999 to 2002 period. For example, renovation spending was revised-up from $24.8 billion to $29.8 billion in current dollars in 2002.

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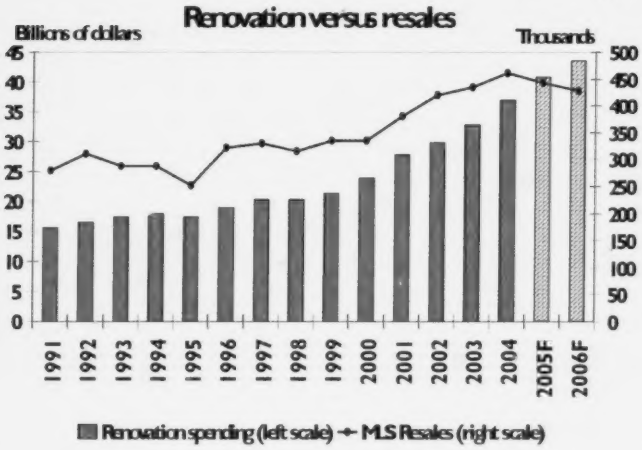

Sources: CMHC Forecast 2005-2006, Canadian Real Estate Association, Statistics Canada

Atlantic: renovation spending will remain healthy

A modest cooling of the resale and new home markets in the Atlantic region will cause growth in total renovation spending to slow in 2005. Nevertheless, renovation will continue to play a relatively significant role in boosting residential construction activity in Atlantic Canada, because of the fact that the housing stock in the Atlantic region is older on average than in the rest of Canada. New Brunswick will lead the region in renovation spending growth this year and in 2006 with a 13.8 per cent and 7.1 per cent growth, respectively.

Quebec: homeowners continue to hammer away at home improvements

The growth in renovation spending is expected to cool compared to last year's 14.1 per cent pace, to rates that are more in line with the Canadian average, due in part to weaker job creation in 2005 and 2006 and a gradual slowing of both housing starts and resale activity. Indeed, renovation spending is expected to grow by 11.3 per cent in 2005. As existing home sales continue to slow in 2006, growth in renovation spending will moderate further to 9.1 per cent.

Ontario: a resilient performance

Although the Ontario resale market will slow in 2005, the renovation sector will still benefit from the strong resale performance of previous years. Low mortgage rates will also be an important driver of renovation activity in Ontario and particularly in Toronto, where according to the CMHC *Intentions to Buy or Renovate Survey*, the planned expenditures on renovations will be the highest. According to the survey, the average household who intends to undertake renovations in 2005 plans to spend $21,796 in Toronto compared to an average of $14,000 across the six centres surveyed[2]. Renovation activity will remain strong in Ontario, growing by 8.1 per cent in 2005 and by 4.5 per cent in 2006.

Prairies: Alberta will lead the Prairies in 2005

Renovation spending in Alberta is expected to grow by 9.8 per cent in 2005, but growth will slow to a more modest pace of 6.9 per cent in 2006. A strong performance in the resale market over the past several years will contribute to continued strength in renovation spending. Manitoba is facing a similar outlook for renovation spending: growth of 9.3 per cent in 2005, slowing to 7.2 per cent in 2006. Manitoba will have the strongest growth in renovation spending among the prairie provinces next year. Saskatchewan will be the weakest of the three Prairie provinces in 2005 and 2006 with renovation spending growth of 8.4 per cent and 4.0 per cent, respectively.

British Columbia: B.C. will lead the country in growth of renovation activity in 2005 and 2006

The level of resale activity will continue to climb in 2005 to establish a new record of 98,000 units. As well, British Columbia has the highest average home prices in Canada, thus making renovation an attractive option, in many cases less expensive than moving to a new home. Renovation spending is expected to grow by 15.0 per cent in 2005 and the pace of growth is expected to slow in 2006 to 11.9 per cent as resale activity begins to cool.

[2]The CMHC Intentions to Buy and Renovate Survey was conducted in the fall of 2004 and measured intentions to buy and renovate a home between the fourth quarter of 2004 and the fourth quarter of 2005. The survey was conducted in six centres across Canada including Halifax, Montreal, Ottawa, Toronto, Calgary, and Vancouver.

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Renovation and construction expenditure

		Renovation			Construction		
		2004	2005F	2006F	2004	2005F	2006F
Newfoundland	($ millions)	641	691	735	394	353	335
	(% change)	14.5	7.8	6.4	21.5	-10.4	-5.3
P.E.I.	($ millions)	132	144	150	127	121	112
	(% change)	9.3	9.0	4.2	32.1	-4.0	-7.6
Nova Scotia	($ millions)	1,125	1,206	1,259	735	757	719
	(% change)	14.3	7.2	4.4	10.4	3.0	-5.1
New Brunswick	($ millions)	912	1,038	1,112	495	515	498
	(% change)	16.9	13.8	7.1	0.6	4.1	-3.3
Quebec	($ millions)	9,555	10,634	11,598	8,151	7,336	6,859
	(% change)	14.1	11.3	9.1	28.3	-10.0	-6.5
Ontario	($ millions)	14,420	15,585	16,286	14,037	13,195	12,548
	(% change)	10.3	8.1	4.5	6.9	-6.0	-4.9
Manitoba	($ millions)	1,115	1,218	1,306	604	671	740
	(% change)	14.5	9.3	7.2	22.5	11.0	10.4
Saskatchewan	($ millions)	985	1,067	1,110	422	455	448
	(% change)	14.3	8.4	4.0	11.6	7.8	-1.5
Alberta	($ millions)	3,349	3,679	3,932	4,820	4,733	4,714
	(% change)	10.6	9.8	6.9	2.6	-1.8	-0.4
British Columbia	($ millions)	4,718	5,426	6,071	5,386	5,844	5,815
	(% change)	15.9	15.0	11.9	32.3	8.5	-0.5
Canada	($ millions)	36,951	40,687	43,558	35,318	33,980	32,788
	(% change)	12.5	10.1	7.1	15.0	-3.8	-3.5

Sources: CMHC forecast 2005 and 2006, Statistics Canada

Renovation Expenditure Breakdown
(millions of dollars and annual percentage change)

	2004	2005F	2006F
Alterations & Improvements	27,400	30,350	32,583
%	13.6	10.8	7.4
Repairs	9,551	10,337	10,975
%	9.6	8.2	6.2

Source: Statistics Canada, CMHC forecast 2005 and 2006.

CMHC Renovation Forecast Components

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

Alterations and improvements: Major projects leading to an increase in the value of the home, including expansions or modifications and the addition of new equipment.

Repairs: Regular maintenance tasks such as painting, caulking, or replacement of existing equipment.

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British Columbia

Overview

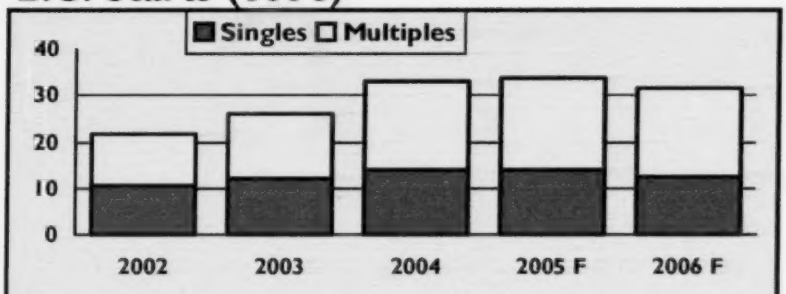
Another banner year for housing

Low mortgage rates, job gains, high levels of consumer confidence and a growing economy will contribute to record levels of resale activity and an above average level of new home construction this year. Some moderation in activity is anticipated in 2006 as relatively high home prices and gradually rising interest rates temper the market.

B.C.'s economy expanded by 3.9 per cent in 2004. Increased consumer spending, and higher levels of residential investment were the main sources of growth. Strong global demand for the province's key exports is also driving economic activity. In 2005 and 2006, low interest rates will maintain domestic demand while slower global growth will reduce the trade sector's contribution. The high value of the Canadian dollar will encourage investment in machinery and equipment, setting the province up for future productivity gains. The provincial economy will expand by 3.5 per cent in 2005 and by 3.3 per cent in 2006.

Increased non-residential construction activity will compete with the residential sector for resources including land, building materials and skilled trades, driving up construction costs.

B.C. Starts (000's)



Source: CMHC

Employment in British Columbia is projected to increase 3.0 per cent in 2005 and 2.3 per cent in 2006 causing the unemployment rate to decline. The economy will add jobs in both the goods and service sectors. Improving labour markets will bolster already high levels of consumer confidence and support demand for housing.

Net interprovincial migration will add close to 10,000 people to British Columbia's population in 2005 and 2006, boosting the rate of population growth to 1.2 per cent, compared to the national growth rate of 0.9 per cent. While this is modest compared to the levels recorded during the early to mid-1990s, it will help to sustain British Columbia's housing markets.

Resale inventories are trending up and will move markets towards balanced conditions. However, strong demand for most product types in the near term will keep the level of new home construction above demographic requirements. Housing starts will increase to 33,600 units in 2005 but will edge lower to 31,600 units in 2006.

In Detail

Single Starts: Construction of single-detached homes has reached a plateau as builders and consumers shift to lower priced product types. Single starts will decrease by 1.8 per cent to 13,800 units in 2005. Next year, 12,600 single-detached homes will be added to the provincial housing stock.

Multiple Starts: Momentum in the multiple-unit segment of the market will carry on through the next two years as developers respond to higher consumer demand. Tight land supply, particularly in Vancouver, will encourage multiple-unit developments. Apartment and condominium construction will account for the largest share of multiple starts. Multiple starts will rise to 19,800 units in 2005 but will edge lower to 19,000 units in 2006.

Resales: MLS® resale activity will reach a record 98,000 units in 2005 but will fall to 92,000 units in 2006. New listings are trending up in most markets bringing demand and supply conditions more into balance. However, there are some markets where demand remains strong and listings are below their ten year average. These markets will see higher price gains going forward.

Prices: The average resale price in British Columbia will remain the highest of the provinces, reaching $319,000 in 2005 and $337,000 in 2006. Price gains will remain above inflation thanks to solid fundamentals supporting demand for housing.

Provincial Highlight

B.C. leads the country in per capita existing home sales

British Columbia leads the country in existing home sales per person, and has held this distinction for most of the last twenty years. The very active resale market indicates that most of the demand for housing is being met by the existing housing stock. In terms of new home markets, British Columbia led the country during the 1990s in housing starts per person but fell behind when interprovincial migration turned negative in the late 1990s. The return to a net inflow of people from other provinces in 2003 and 2004 has fuelled demand for new construction and helped push British Columbia to second place on a starts per population basis, up from fourth place the previous year.

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Alberta

Overview

Best performance for new home construction since the late 1970s

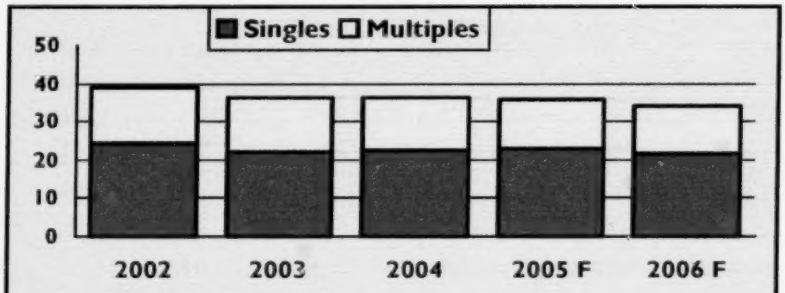
Total housing starts in Alberta this year will reach 36,000 units, making 2005 the fourth successive year in which starts exceed the 30,000 unit mark. The last time this occurred was back in the late 1970s and early 1980s. The strong performance will continue into 2006, when starts will edge down to 34,000 units, allowing Alberta to retain its position as the province with the most housing starts relative to the size of its population.

The robust performance in part is a result of favourable demographic conditions. Due to gains from migration, Alberta's population is growing at annual rate of 1.4 per cent compared to about 0.9 per cent for Canada. This population growth is resulting in the immediate creation of new households thereby fortifying the demand for housing.

Along with demographic factors, the resale and new home markets are benefiting from high levels of consumer confidence. According to the Conference Board of Canada's Index of Consumer Attitudes, a greater number of inhabitants across the Prairies believe that conditions are better now than a year ago to purchase a home or a car. In Alberta, vigorous consumer confidence is reflected in a number of economic indicators. During the first four months of 2005, sales of existing homes and new passenger motor vehicles were up 7.1 per cent and 15.9 per cent, respectively from last year. Total retail sales over the same period increased by 10.1 per cent.

Ongoing investment in the energy sector means that the beneficial economic climate will persist through 2006. Nevertheless, total housing starts are forecast to dip by 5.6 per cent from this year's level. With housing starts exceeding the growth in households since 2002, it would appear that pent up demand in the market has been satisfied. A reduction from current level of activity is needed to restore the balance between demand and supply.

Alberta Starts (000's)



Source: CMHC

In Detail

Single Starts: Single-detached starts will decline from 23,000 units in 2005 to 21,500 units in 2006. The reduction will be primarily due to the movement of some first time buyers to the multi-family market. Discussions with industry players indicate that the rising cost of new single-detached homes is causing a portion of prospective home buyers to consider the purchase of a less expensive semi-detached or row unit.

Multiple Starts: Through the first half of 2005, multi-family starts are over 25 per cent ahead of last year's pace. In order to avoid an elevated supply, activity will need to pull back during the second half of the year. Presently, the supply of ownership and rental multi-family homes in urban centres stands at about 12 and 20 months, respectively. Current market conditions support the construction of about 13,000 multi-family units in 2005 and 12,500 units in 2006.

Resales: MLS® sales are on track to post a new record in 2005 and are forecast to reach 59,000 units. Healthy demand and a continued supply of listings in most of the major markets will result in a similar level of activity in 2006, when MLS® sales will decrease to 56,000 units.

Prices: Price gains in all major markets are exceeding the overall rate of inflation. The average MLS® price is forecast to increase by nearly 10.4 per cent in 2005 and 6.0 per cent in 2006.

Provincial Highlight

Population growth boosts MLS® sales in Lethbridge

Preliminary results from the Civic Census show that the population of Lethbridge has increased at an average annual compound rate of about 2.2 per cent over the past three years. This is much stronger than the provincial average of 1.4 per cent. Over the same period, the level of total housing starts per capita and MLS® sales per capita in Lethbridge has remained constant. This would indicate that the higher level of housing starts and MLS® sales in recent years in Lethbridge can be attributed primarily to the gain in population.

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Saskatchewan

Overview

Starts to stay above 3,000 units

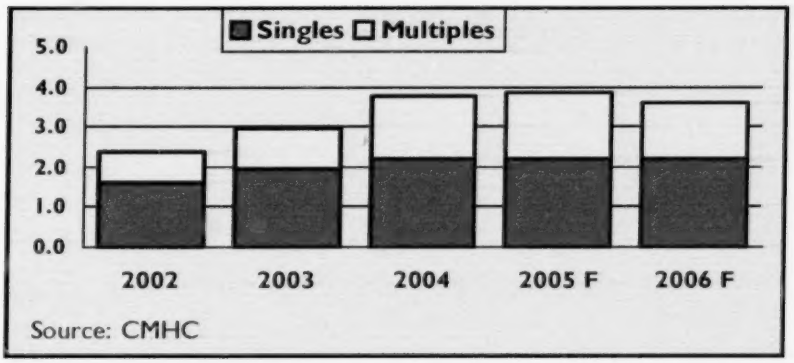
Economic and demographic fundamentals in Saskatchewan are encouraging for housing markets this year and next. Total housing starts are forecast to reach 3,850 units in 2005 before dipping slightly to 3,600 units in 2006. Despite the decline, 2006 will represent the fourth consecutive year that total starts will exceed 3,000 units, the strongest performance since the late 1980s.

After a rough ride during the early part of this decade the Saskatchewan economy now is on firmer footing. Increased output in the agriculture and natural resource sectors will lead to annual economic growth of nearly three per cent in 2005 and 2006.

Continued economic growth will give less reason to people from Saskatchewan to leave the province to seek job opportunities. This will have a beneficial impact on the availability of skilled labour as well as household growth. From 1999 to 2002, population of individuals above 15 years of age declined by about 8,000 due to losses from inter-provincial migration. Over the forecast period, losses from inter-provincial migration will decrease significantly. The combination of lower losses from inter-provincial migration and gains from international immigration and natural population growth means that the provincial population will once again resume an upward path.

More buoyant household growth will bolster demand for owner and rental housing. Another positive for the resale and new home sectors is the improving state of consumer finances. In 2004, per capita disposal income adjusted for inflation increased by 4.2 per cent, the best gain since 1995. The mixture of economic growth and a low unemployment rate will lead to wage gains in excess of inflation in 2005 and 2006.

Saskatchewan Starts (000's)



Source: CMHC

In Detail

Single starts: Builders in Regina and Saskatoon are exceeding the pace of single-family production set in 2004. The number of units under construction is up more than 20 per cent in both centres. Starts will slow to forecast levels as the supply of immediately available land is absorbed and the limit of the labour supply is reached. Province-wide, single starts will reach 2,200 units in both 2005 and 2006.

Multiple Starts: Multiple building is seeing a slow start compared to 2004. Multiple starts, in the previous eight to twelve months, have elevated the number of units under construction in excess of 400 units in both Regina and Saskatoon and absorptions are steady. We expect multiple starts will resume as inventory is absorbed in the summer months when sales have, historically, picked up. Multiple starts will reach 1,650 units in 2005 and 1,400 units in 2006.

Resales: Although the forecast upswing in listings has yet to develop, existing housing sales are on track to match 2004 activity. We consider the 2005 forecast of 8,500 sales to be still within reach if listings co-operate in the late summer. MLS® sales will rise to 8,800 units in 2006.

Prices: Good quality listings are commanding higher prices across Saskatchewan. Regina is experiencing double-digit gains in its average MLS® price. In light of strong upward pressure, we have revised our price forecast upward. The average MLS® will increase by 8.3 per cent in 2005 and by 5.0 per cent in 2006.

Provincial Highlight

Construction activity in Regina and Saskatoon highest in two decades

There is a high level of units under construction in both Regina and Saskatoon thanks, largely, to the popularity of condominium housing in all its various forms. In 2004, Regina saw an average 861 housing units under construction, the highest level of residential construction activity since 1986. Saskatoon exceeded this with an average of 925 units under construction, the highest volume since 1983. In 2005, the monthly data suggest that number of units under construction in Regina has fallen short of last year's pace but remains at the 2004 average level in Saskatoon.

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Manitoba

Overview

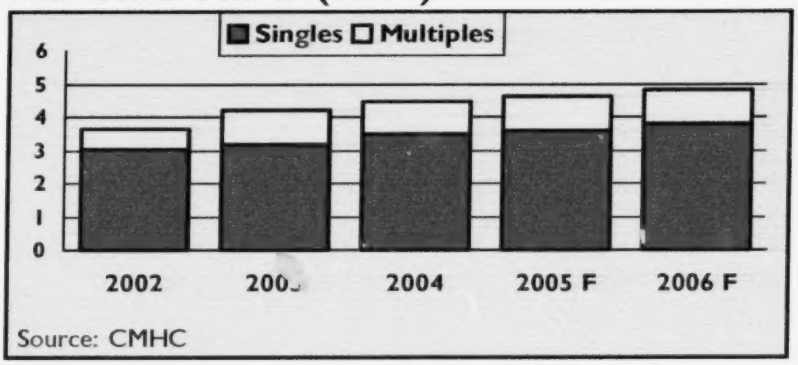
Population growth and stable economy support housing market

The demand for housing in Manitoba is being sustained by the strongest population growth in two decades. The provincial population increased by 0.8 per cent from January 2004 to January 2005. Much of this gain can be attributed to net gains from international migration.

The arrival of workers from outside the country is welcome news for a province experiencing a shortage of skilled workers. Presently, over 65 per cent of the people in Manitoba between the ages of 15 to 64 are working compared to about 63 per cent for all of Canada. As a result, employers across several sectors are reporting difficulties in finding suitable candidates to fill vacant positions.

On a more positive note, the tight labour market has led to wage gains in excess of inflation and provided workers the confidence to make major purchases such as a home or an automobile. The favourable economic environment is forecast to persist through 2005 and 2006.

Manitoba Starts (000's)



Source: CMHC

The Manitoba economy will grow at an annual rate of about three per cent this year and next. Due to the diversified nature of the economy, growth will be spread out across several sectors. The unemployment rate will remain near five per cent and more than 80 per cent of the workers will have full time positions. Access to full-time jobs will make it easier for households to obtain financing to make a major purchase.

The forecast also assumes that the provincial government will continue its efforts to attract international immigrants to alleviate the shortage of skilled labour.

The combination of a strong job market and population gains will support the need for 4,600 housing starts in 2005 and 4,800 starts in 2006.

In Detail

Single Starts: The number of single starts will be affected by market conditions in Winnipeg. The serviced land supply in Winnipeg is dwindling and the industry will face a shortage in the short-term as new serviced land will not become available for over a year. Developers will need to take advantage of infill opportunities in Winnipeg. Single-family starts will rise to 3,600 units in 2005 and climb to 3,800 in 2006.

Multiple Starts: Multiple-family starts will not be affected by the short-term serviced land shortages in Winnipeg as most new construction in the city will be in projects already approved and currently pre-selling. Multiple-family starts will therefore continue to hold the current pace for the next few years with 1,000 starts expected both this year and next.

Resales: Active listings in Winnipeg, which account for almost 90 per cent of provincial MLS® sales, continue to bounce back in 2005. With more homes available, provincial MLS® sales will reach 13,000 units in 2005 and will rise again to 13,800 units in 2006.

Prices: Gains in active listings in Winnipeg are not enough to meet the level of demand. MLS® prices in Manitoba will continue to rise, increasing by 10.7 per cent in 2005 and by another 6.1 per cent in 2006.

Provincial Highlight

City of Winnipeg poised to approve new supply of land to satisfy growing housing demand

Winnipeg is poised to grow. A turnaround in net migration has brought many newcomers to the city and with them an increased need for housing. This has been reflected in the growing level of starts activity over the last few years. Many of Winnipeg's major subdivisions have now achieved full build-out and new residential areas are required. Developers and planners are currently working on plans that have the potential to create as many as 20,000 new single-family lots in subdivisions around the city. This is projected to satisfy housing demand in Winnipeg for the next 20 years.

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Ontario

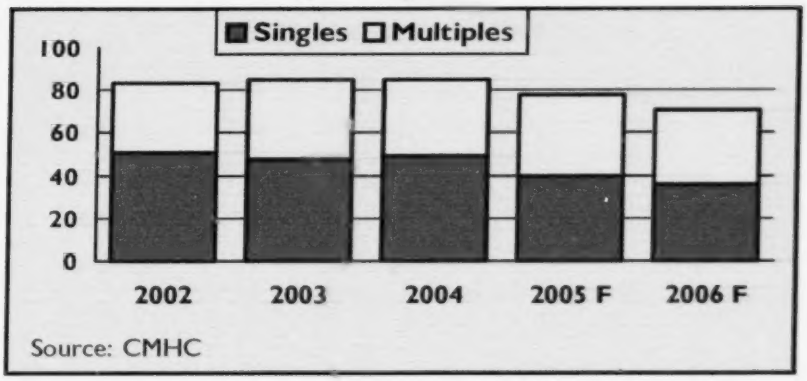
Overview

Ontario: Ontario home starts shift into lower gear

Ontario home starts will remain above historical averages but will lose ground to the existing home market. Rising new detached home prices, increasing construction costs, land constraints and more choice in the resale market will pull starts lower in 2005 and 2006. Look for 78,000 and 71,000 home starts this year and next, respectively.

Ontario economic growth will be respectable, but below the Canadian average. Consumer attitudes will remain healthy, thanks in large part to low interest rates and rising home owner equity. As a result, traffic in retail stores will remain strong. Similarly, business investment spending on machinery and equipment will continue to grow. Strength in domestic demand will need to remain firm to offset competitive challenges faced by regional exporters. Indeed, Ontario manufacturing shipments have plateaued, and the number of manufacturers reporting rising order levels, while increasing, is below historical averages. On the job front, a near record level of Ontario residents are employed. As a result, job growth in the province will remain respectable but will fall short of the high growth years of the late 90s. Less housing market stimulus coming from job growth and interest rates will be met by slower population growth due to an ageing Ontario population and slower growth in migration. Despite increases in Ontario immigration in 2004, Ontario's share of Canadian immigration has been drifting lower (from a 2001 high of 59% to a 53% share in 2004). Similarly, inter provincial migration flows between Ontario and the rest of Canada will remain negative. A slower pace of manufacturing employment combined with appreciating home values will make Central Canada a less appealing destination for migrants.

Ontario Starts (000's)



Source: CMHC

In Detail

Single Starts: Despite a rapidly growing mid 40s population which prefers low density homes, higher single detached home prices will encourage many Ontario home buyers to buy less expensive multiple family homes. Single starts will decrease to 40,000 units in 2005 and to 35,500 units in 2006.

Multiple Starts: A shrinking but healthy pool of first time buyers looking for less expensive homes combined with provincial government policies deigned to encourage higher density housing suggests condominium construction will remain strong. Town homes will gain popularity among those wanting to be closer to the ground. Multiple starts will rise to 38,000 units in 2005 but edge lower to 35,500 units in 2006.

Resales:Sales through the Multiple Listing Service will remain at high levels with only a modest pull back expected from an all time record in 2004. MLS® sales will reach 193,000 units in 2005 and 186,000 units in 2006.

Prices: Home prices are high and growing at several times inflation. The gap with inflation will be narrowed by growing existing home listings. Look for Ontario home prices to rise by 7.7 and 4.5 per cent this year and in 2006, respectively.

Provincial Highlight

There is no evidence of an Ontario housing price bubble

Many of us have long memories and recall speculative price bubbles that developed in residential real estate markets such as Calgary (late 1970s) and off course southern Ontario in the late 1980s. Given the recent run-up in home price in Ontario, some people may wonder if there is any evidence of a housing price bubble today. A bubble occurs when an asset experiences price increases well in excess of historical norms for a sustained period of time, which are based mainly on the speculation that they can be sold in the future at a higher price to someone who will buy it for the same reason.

In general, a price bubble requires the following conditions:
a) sharp house price increases (both nominal and net of inflation)
b) not supported by fundamental drivers of real estate demand.

Given these criteria, it is difficult to argue that Ontario is experiencing a speculative real estate bubble. To be sure, Ontario nominal and inflation adjusted house prices have increased steadily in recent years, driven by low interest rates, good job growth, and positive consumer sentiment. These solid fundamental drivers have contributed to strong demand for housing, which in turn has supported rising home prices. Therefore, with no evidence of a price bubble, a price bust is also unlikely.

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Quebec

Overview

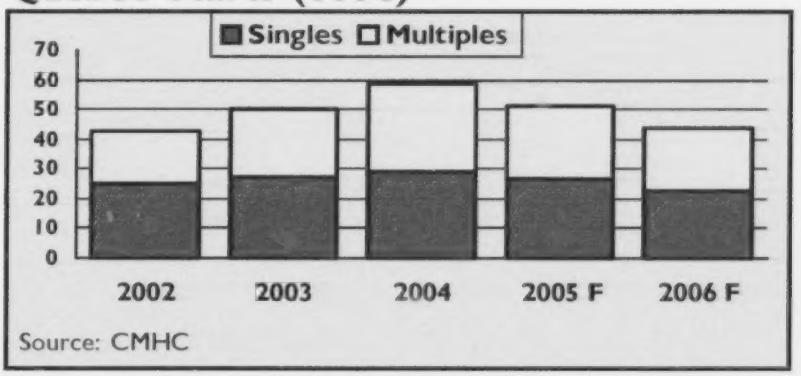
Housing demand lower in 2005

Quebec's economy is expected to strengthen but provincial economic growth will remain below the Canadian average in 2005 and 2006. Consumers remain confident and will continue to spend, and business investment will remain strong. However, spending by the provincial government will be restricted due to the small fiscal dividend and the province's export sector is still adjusting to the higher Canadian dollar. As a result, GDP is expected to grow at a 2.5 per cent pace in 2005 and 2.7 per cent in 2006, while employment growth will be around 1.1 per cent in both years.

The province's changing demographic landscape will help sustain Quebec's housing sector. A growing senior population is already translating into increased demand for specialized products such as condominiums geared to retirement aged clientele and seniors residences (see Provincial highlight). Meanwhile, steady and significant increases in immigration has lifted total net migration from 15,000 in 2000 to over 33,000 in 2004 (adding over 120,000 residents to the province's population). These demographic factors will provide a boost to housing demand and temper the reduction in housing starts in 2005 and 2006.

The pace of housing starts in Quebec more than doubled between 2000 and 2004. With a weaker job outlook and lacklustre economic growth, housing starts will retreat but will remain at relatively high levels. Housing starts will decrease to 51,000 units in 2005 and to 44,100 units in 2006.

Quebec Starts (000's)



Source: CMHC

In Detail

Single Starts : Single detached starts will decrease to 26,500 units in 2005 as slower employment growth, increased price pressure, and rising inventories on the resale market continue to lower demand for new singles. Rising mortgage rates will compound this situation in 2006 when single starts will fall to 22,600 units.

Multiple Starts : The changing demographic landscape will continue to sustain demand for condominiums, seniors residences, and conventional rental housing. However, after several years of strong growth, starts of multi-family homes - especially apartments - will drop to 24,500 units in 2005 and to 21,500 units in 2006.

Resales : While increasing inventories and moderating price pressures will help sustain a high level of activity, MLS® sales will decrease to 65,000 units in 2005 and 58,000 units in 2006.

Prices : While the resale market continues to favour sellers, rising listings and lower demand will moderate resale home price growth this year and next. As a result, the average price in this market is expected to reach $186,000 in 2005 and $194,000 in 2006.

Provincial Highlight

New construction boosts vacancies in retirement apartments

According to the results of latest retirement home market survey conducted by CMHC, demand for retirement homes remains very strong in Quebec. In fact, even after several years of robust growth in the construction of retirement homes, vacancy rates in these units were up only marginally in 2004. That being said, the survey showed that vacancy rates did go up in most of the major markets across Quebec. In fact, four of the six census metropolitan areas (CMAs) in Quebec registered increases in their vacancy rates, in both the apartment and rooming retirement home segments. In the Montreal area, which has by far the largest retirement housing stock in the province (more than 28,000 units), the vacancy rate increased to 2.9 per cent in 2004, compared to 1.7 per cent at the time of the 2003 survey. This rise was observed mainly in the apartment retirement home segment. There was a slightly larger increase in the Québec area market, where the vacancy rate rose from 1.9 per cent to 3.5 per cent in October 2004. As in previous years, the results show lower vacancy rates for spacious units in larger apartment retirement homes.

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New Brunswick

Overview

Capital Projects Fueling Growth

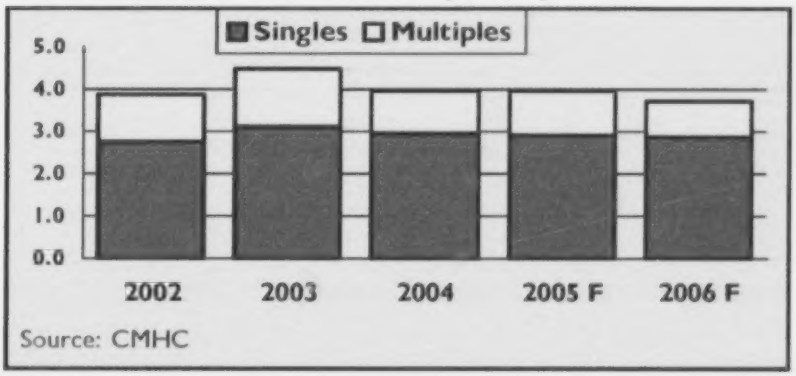
New Brunswick's economy is expected to grow at a moderate rate over the forecast period, supported by major investments in the energy sector. After a strong year in 2004, the manufacturing and exports sectors are expected to slow due the strong Canadian dollar and slower US growth.

However, capital investment will play a key role in fuelling economic growth in New Brunswick over the forecast period. The construction of the LNG terminal, the Trans-Canada Pipeline co-generation plant in Saint John, the twinning of the TC Highway, and the Point Lepreau refurbishment are all key projects that will continue to fuel economic growth.

After rebounding in 2004, employment growth will slow in 2005. Nevertheless, both the goods and services' sectors will generate new jobs, with the manufacturing, education and health care sectors performing particularly well over the forecast period. Expect employment to grow by 0.8 and 1.2 per cent in 2005 and 2006, respectively. Provincial GDP will expand at a pace of 2.5 in 2005 and 2.8 per cent in 2006.

Rising new home prices combined with an increased level of new listings will result in a decline in single starts. However, a rise in both semi-detached and apartment starts will more than offset the drop. Expect 3,950 and 3,720 total starts in 2005 and 2006, respectively.

New Brunswick Starts (000's)



Source: CMHC

In Detail

Single Starts: Increases in construction costs and lot prices in urban centres will contribute to a lower level of single starts over the forecast period. As well, rising listings in key urban markets will further contribute to a decline in single starts as potential buyers opt for the resale market. Single starts will decrease to 2,920 and 2,900 units in 2005 and 2006, respectively.

Multiple Starts: Following weaker levels of multiple construction in two of the three larger urban centres last year, multiple starts will increase in all centres in 2005. The new affordable housing program will help to stimulate rental starts this year and next. Multiple starts will reach 1,030 units in 2005, before falling to 820 units in 2006.

Resales: Rising new listings and a broadening gap between existing and new home prices will cause many households to opt for the resale market. Expect MLS® sales to reach a record level of 6,050 units in both 2005 and 2006.

Prices: Price growth will moderate in 2005 due to a rise in listings. Furthermore, demand for more expensive homes will weaken due to rising homeownership costs and higher mortgage rates in 2006. Growth in the average MLS® price will slow to a rate of 4.5 per cent in 2005 and 2.4 per cent in 2006.

Provincial Highlight

Energy has a major impact on the Southern N.B economy

The city of Saint John is home to Canada's largest oil refinery as well as being close to the Coleson Cove and Point Lepreau power generating stations. Irving in partnership with the Spanish gas giant Repsol are also building an LNG plant at Mispec. Energy has a major impact on the Southern N.B economy. Besides the direct jobs at the various operations, there is the expertise that has been developed over the years through the University of New Brunswick and the new energy institute located in Saint John. The recent focus on Point Lepreau and the decision by the government to proceed with the $1.4 billion refurbish of the nuclear power plant depends on participation by both the federal and provincial governments to financially support the project. A decision to proceed or not is expected soon. In the meantime the 700 people who depend on the plant for employment or the hundreds of indirect jobs in the Saint John region could be affected if the refit does not proceed.

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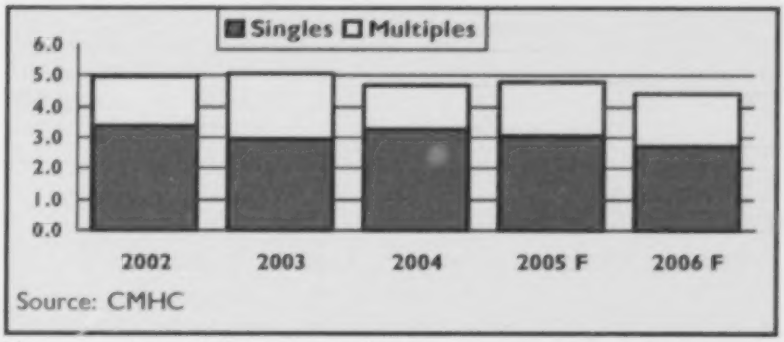
Nova Scotia

Overview

Nova Scotia's housing market is expected to remain buoyant over the next 18 months as a healthy labour market and persistently low borrowing costs keep home ownership demand simmering. Housing activity this year is forecast to edge past 2004's fine performance, with the pace of sales, starts and prices expected to ease only modestly in 2006.

The powerful combination of residential real estate appreciation, declining unemployment and low interest rates is still stimulating consumers, allowing the marathon run of retail sales growth to continue. However, over the next 18 months investment is expected to play an increasingly important role in accelerating economic growth as non-residential construction activity surges and rising interest rates curb consumption.

Nova Scotia Starts (000's)



Source: CMHC

However, the manufacturing, trade and transport sectors face a host of challenges including high gasoline prices, and less favourable exchange rates and these challenges will likely limit expansion in these sectors. In addition, offshore energy exploration and development will remain subdued despite high energy prices.

In summary, economic and labour market growth are expected to be sufficient to ensure that housing demand will decline only modestly over the next 18 months. Stubbornly low mortgage rates will provide the necessary boost for total housing starts to reach 4,775 units this year before sliding 7 per cent to 4,425 units in 2006 as rising mortgage rates curb demand and restrain construction activity.

In Detail

Single Starts: Lean existing home inventories in various areas of Nova Scotia will provide the necessary stimulus for single-detached housing starts to remain above 2004's level in the rural and small urban areas of the province. Conversely, a rapidly expanding inventory of homes for sale and an inadequate supply of serviced building lots will constrain single starts in Metro Halifax. As a result, provincial single starts are forecast to fall 5 per cent this year to 3,075 units and 11 per cent next year to 2,750 units.

Multiple Starts: Multiple unit starts are poised to rebound very strongly this year from a 32 per cent decline in 2004. Rising construction costs and buyers' high quality expectations will continue to encourage developers to increase the density of new housing products to hit attractive price points. In Metro Halifax, the condo market continues to grow impressively and the new municipal growth policy will encourage higher density development. Consequently, multiple starts are expected to leap 17.5 per cent this year to 1,700 units before settling at 1,675 units in 2006.

Resales: While a surge in MLS® listings in the first half of this year has stimulated buyer activity in Metro Halifax, a slower pace of sales is forecast for the second half of the year. Existing home sales are slowing in all other areas of the province, a trend that is expected to continue over the next 18 months as rising home ownership carrying costs curb demand. MLS® sales are forecast to slip 1.4 per cent this year and 2.3 per cent next year to 8,750 and 8,550 units, respectively.

Prices: Despite a tremendous increase in inventory of homes for sale in Metro Halifax and a slight decline in MLS® sales province-wide in the first half of the year, price growth has been unrelenting. MLS® average price is expected to rise a surprising 12.9 per cent to $165,000 this year and a much more tame 3 per cent in 2006 when average MLS® sale price reaches $170,000.

Provincial Highlight

Halifax Harbour Solutions Project will boost development on waterfront

The Halifax Harbour Solutions Project is now well underway and is scheduled to be completed in 2008. The $333 million dollar project will have a significant, direct positive impact on the local economy and is also expected to have an indirect positive influence on the local tourism and hospitality sectors which will benefit from more tourists and residents being drawn to a clean, environmentally attractive harbour front. Residential real estate developers are also showing increased interest in harbour front land parcels in anticipation of the clean-up. Preliminary plans have been created for a mixed-use development on the Salter Block in downtown Halifax, and plans are being developed for 1,000 condominium units with a commercial component on the former Dartmouth Marine Slips site. Additional development is also anticipated along the Bedford Highway waterfront.

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P.E.I.

Overview

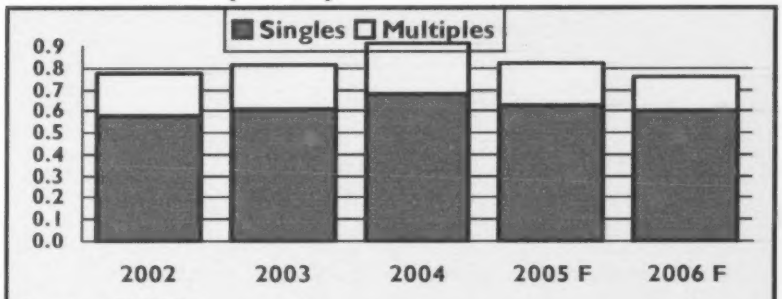
Restrained Economic Growth in 2005

Some of the Island's key sectors are expected to see a modest upturn following a lacklustre performances in 2004. The province's marketing efforts are expected to pay off in terms of an increase in new visitors from other provinces, but many past visitors will want to avoid the higher cost of travel associated with elevated gasoline prices and less attractive exchange rates by staying closer to home. The agriculture sector will be supported by an increase in potato yields to more normal levels and higher prices for potatoes. However, the sustained strength of the Canadian dollar will strain profit margins achieved from higher prices and limit performance in this sector.

Economic growth this year will be bolstered by continued strong performances in the construction and manufacturing industries. Investment in non-residential construction will remain strong over the forecast period and will be highlighted by a number of multi-million dollar projects that will either wrap-up or break ground this year. As a result, expect the provincial economy to expand at a moderate pace of 2.0 and 2.2 per cent in 2005 and 2006, respectively. Employment growth will improve to 2.0 per cent in 2005 before slowing to 1.2 per cent next year.

Residential construction although easing this year is expected to reach the third highest level since 1990. Despite the slowdown in housing activity the economy will continue to perform well. Expect total starts to reach 825 units in 2005, followed by a 7.9 per cent drop in 2006 to 760 units.

P.E.I. Starts (000's)



Source: CMHC

In Detail

Single Starts: The construction of single-family homes is expected to remain strong over the forecast period, although activity will fall short of the elevated levels posted in the last two years. Single housing starts are expected to reach 630 and 600 units in 2005 and 2006 respectively.

Multiple Starts: Multiple starts in 2005 are expected to reach 195 units, a decrease of 42 units from 2004. The decrease this year will come as the construction of semi-detached and row units fall back to more normal levels in both the Charlottetown and Summerside markets. Expect multiple starts to slow further in 2006 to 160 units.

Resales: MLS® sales in PEI for 2005 are expected to fall just short of the record level recorded last year. MLS® sales will reach 1,450 units in both 2005 and 2006. Considering the expected rise in mortgage rates and the low level of new listings in the key urban markets, this is a sign that market conditions in the province remain strong.

Prices: After several years of strong price growth, fuelled by a shortage of listings and strong demand for resale homes in the provinces urban centres, growth in the average MLS® sales price is expected to slow in 2005 and 2006 as a result of an increase in the number of new listings. The average sales price will rise 3.3 per cent in 2005 to $114,500 and a further 3.1 per cent in 2006.

Provincial Highlight

Migration to Prince Edward Island's has played a key role in the province's housing market.

While net migration has historically been only a fraction of what Canada records on an annual basis, the importance of net migration to Prince Edward Island cannot be overlooked. In fact, among provinces for which the population increased between 1998 and 2003, net migration as a share of total population gains was highest in Prince Edward Island.

Like many other regions of Atlantic Canada, the province faces the challenge of retaining its younger working age population. But the departure of young Islanders seeking work in other provinces is more than offset by the influx of people in older age groups, especially those in the 45-64 age group. Many within this age group are choosing to move back to the province to less hectic lifestyles during the latter part of their careers. Queens County has seen most of this in-migration between 1998 and 2003.

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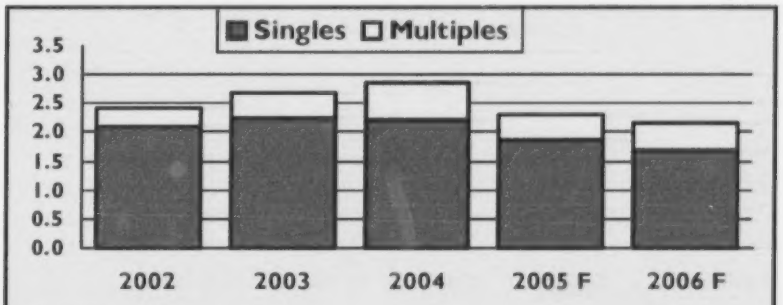
Newfoundland and Labrador

Overview

Province will lead the country in GDP growth in 2006

While Newfoundland and Labrador is poised to lead the country in economic growth in 2006, not all sectors of the economy will prosper. Similar to recent trends, the expected increase in real GDP will be largely due to rising production levels in resource-based industries. Export growth stemming from full year production at both the White Rose offshore oil project and Voisey's Bay mine will fuel a robust 5.0 per cent increase in real GDP next year. Finalization of the $2.0 billion Atlantic Accord and higher offshore oil royalties has provided the Province with some room to make additional investments. An infusion of public funds related to increased federal transfers for health care and equalization will also have a moderately positive impact on provincial economic performance over the medium to long term. Delays in start-up of the crab fishery in early 2005 have resulted in reduced activity in the processing sector and income losses for many harvesters. Additional quota reductions for crab will likely lead to further declines in processing capacity and associated employment losses in coming years. Given the structure of the fishery, rural economies will be most affected. Iron ore production has rebounded this year and, along with healthy price gains, will perform quite well. Employment growth will moderate to 0.5 per cent in 2005 reflecting problems in the fishery and the end of the construction phase on Voisey's Bay and White Rose. Growth in service based industries will underpin modest job gains of 0.2 per cent in 2006. Weakness in rural economies and the winding down of construction on large scale developments will keep out-migration at high levels, further dampening housing demand.

Newfoundland and Labrador Starts (000's)



Source: CMHC

In Detail

Single Starts: Demand for single-detached homes is being squeezed by rising construction costs, growing competition from an expanding supply of less expensive existing dwellings and an ongoing shift towards multiple family homes. When coupled with weakness in rural areas and flagging employment, single-detached starts are forecast to decline to 1,880 units in 2005 and 1,700 units in 2006.

Multiple Starts: Weak investment in larger rental projects and home buying on the decline, will cause multiple starts to taper off to 420 units in 2005. Multiple starts will edge slightly higher to 450 units in 2006 largely due to increased public sector investment in affordable housing. Reduced home buying activity will also limit demand for semi-detached units which are forecast to fall significantly from last year's lofty levels. Rising prices will sustain demand for accessory suites in single-detached homes while condominium starts should remain on par.

Resales: Increased sales stemming from the expansion of the province's MLS ® system to include the Humber Valley and West Coast regions will help to cushion some of the expected decline in provincial MLS ® sales over the forecast period. It is expected that fewer transactions in the second half of 2005 will wipe out earlier gains in the year resulting in a slight drop in MLS ® sales to 3,100 units this year. MLS ® sales will decrease to 3,000 units in 2006.

Prices: Waning demand, in the face of increased supply and balanced market conditions in St. John's will temper growth in average MLS ® prices. Given these conditions, expect price increases to slow to 4.2 per cent in 2005 and to 2.2 per cent in 2006.

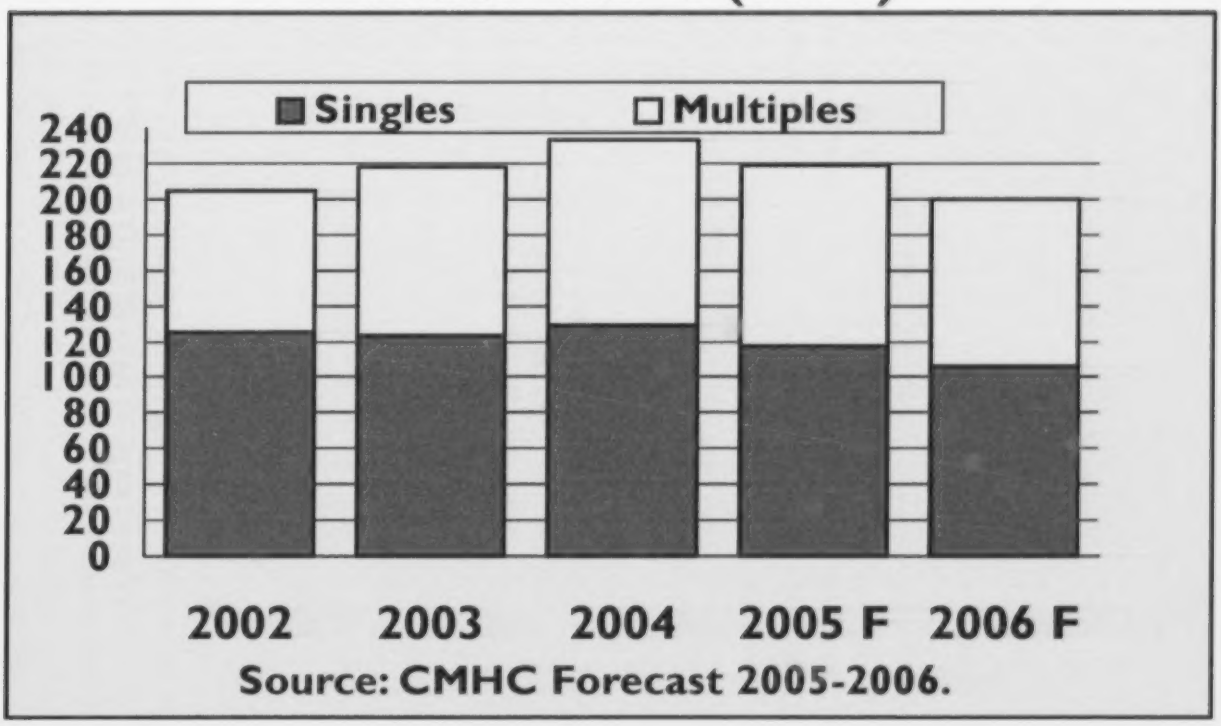
Provincial Highlight

St. John's Resale Market Returns to Balanced Conditions

Following three years of favouring sellers, the St. John's region's resale market moved back into balanced territory in early summer. The return to more balanced conditions was largely a result of a sustained increase in the supply of homes being listed for sale. In fact, the supply of MLS ® active residential listings surged to a six-year high during the second quarter, maintaining a trend that began in mid-2003. At the end of May, total active residential listings stood at 1,395 units, representing an increase of 41.1 per cent over the same period in 2004. With more choice in the marketplace, home buyers are able to shop around. As a result, listing are on the market longer and growth in house prices has shown signs of easing. Given these conditions, demand for new units will also decline as home buyers demand shifts toward less expensive existing homes.

Contact: Brian Martin (709) 772-4034, bmartin@cmhc-schl.gc.ca

Canada Starts (000's)



Total Housing Starts (units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	1,459	1,788	2,419	2,692	2,870	2,300	2,150
%	6.4	22.5	35.3	11.3	6.6	-19.9	-6.5
PEI	710	675	775	814	919	825	760
%	15.3	-4.9	14.8	5.0	12.9	-10.2	-7.9
NS	4,432	4,092	4,970	5,096	4,717	4,775	4,425
%	4.3	-7.7	21.5	2.5	-7.4	1.2	-7.3
NB	3,079	3,462	3,862	4,489	3,947	3,950	3,720
%	10.9	12.4	11.6	16.2	-12.1	0.1	-5.8
QUE	24,695	27,682	42,452	50,289	58,448	51,000	44,100
%	-4.1	12.1	53.4	18.5	16.2	-12.7	-13.5
ONT	71,521	73,282	83,597	85,180	85,114	78,000	71,000
%	6.4	2.5	14.1	1.9	-0.1	-8.4	-9.0
MAN	2,560	2,963	3,617	4,206	4,440	4,600	4,800
%	-18.3	15.7	22.1	16.3	5.6	3.6	4.3
SASK	2,513	2,381	2,963	3,315	3,781	3,850	3,600
%	-18.6	-5.3	24.4	11.9	14.1	1.8	-6.5
ALTA	26,266	29,174	38,754	36,171	36,270	36,000	34,000
%	3.2	11.1	32.8	-6.7	0.3	-0.7	-5.6
BC	14,418	17,234	21,625	26,174	32,925	33,600	31,600
%	-11.6	19.5	25.5	21.0	25.8	2.1	-6.0
Canada	151,653	162,733	205,034	218,426	233,431	218,900	*200,200
%	1.1	7.3	26.0	6.5	6.9	-6.2	-8.5

Source: CMHC Forecast 2005-2006
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	1,315	1,598	2,092	2,240	2,229	1,880	1,700
%	6.7	21.5	30.9	7.1	-0.5	-15.7	-9.6
PEI	614	551	582	613	682	630	600
%	30.1	-10.3	5.6	5.3	11.3	-7.6	-4.8
NS	2,856	2,761	3,363	2,968	3,270	3,075	2,750
%	-14.6	-3.3	21.8	-11.7	10.2	-6.0	-10.6
NB	2,442	2,573	2,769	3,139	2,970	2,920	2,900
%	10.9	5.4	7.6	13.4	-5.4	-1.7	-0.7
QUE	15,349	17,193	25,257	27,225	28,871	26,500	22,600
%	-2.8	12.0	46.9	7.8	6.0	-8.2	-14.7
ONT	41,087	39,632	51,114	47,610	48,929	40,000	35,500
%	4.2	-3.5	29.0	-6.9	2.8	-18.2	-11.3
MAN	2,348	2,460	3,016	3,165	3,484	3,600	3,800
%	5.2	4.8	22.6	4.9	10.1	3.3	5.6
SASK	1,890	1,627	1,931	2,097	2,193	2,200	2,200
%	-8.7	-13.9	18.7	8.6	4.6	0.3	0.0
ALTA	16,835	19,769	24,520	21,918	22,487	23,000	21,500
%	0.9	17.4	24.0	-10.6	2.6	2.3	-6.5
BC	7,448	7,862	10,730	12,252	14,056	13,800	12,600
%	-14.7	5.6	36.5	14.2	14.7	-1.8	-8.7
CAN	92,184	96,026	125,374	123,227	129,171	*117,600	*106,200
%	0.0	4.2	30.6	-1.7	4.8	-9.0	-9.7

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	144	190	327	452	641	420	450
%	4.3	31.9	72.1	38.2	41.8	-34.5	7.1
PEI	96	124	193	201	237	195	160
%	-33.3	29.2	55.6	4.1	17.9	-17.7	-17.9
NS	1,576	1,331	1,607	2,128	1,447	1,700	1,675
%	74.1	-15.5	20.7	32.4	-32.0	17.5	-1.5
NB	637	889	1,093	1,350	977	1,030	820
%	10.8	39.6	22.9	23.5	-27.6	5.4	-20.4
QUE	9,346	10,489	17,195	23,064	29,577	24,500	21,500
%	-6.0	12.2	63.9	34.1	28.2	-17.2	-12.2
ONT	30,434	33,650	32,483	37,570	36,185	38,000	35,500
%	9.4	10.6	-3.5	15.7	-3.7	5.0	-6.6
MAN	212	503	601	1,041	956	1,000	1,000
%	-76.5	137.3	19.5	73.2	-8.2	4.6	0.0
SASK	623	754	1,032	1,218	1,588	1,650	1,400
%	-38.9	21.0	36.9	18.0	30.4	3.9	-15.2
ALTA	9,431	9,405	14,234	14,253	13,783	13,000	12,500
	7.7	-0.3	51.3	0.1	-3.3	-5.7	-3.8
BC	6,970	9,372	10,895	13,922	18,869	19,800	19,000
%	-8.0	34.5	16.3	27.8	35.5	4.9	-4.0
CAN	59,469	66,707	79,660	95,199	104,260	*101,300	*94,000
%	2.9	12.2	19.4	19.5	9.6	-2.8	-7.2

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NF	Semi-detached	44	30	36	66	264	150	150
	Row	23	36	42	107	51	20	30
	Apartment	77	124	249	279	326	250	270
	Total	144	190	327	452	641	420	450
PEI	Semi-detached	46	56	64	72	76	60	50
	Row	21	10	47	40	80	45	40
	Apartment	29	58	82	89	81	90	70
	Total	96	124	193	201	237	195	160
NS	Semi-detached	266	228	253	338	266	225	200
	Row	17	40	144	277	186	150	150
	Apartment	1,293	1,063	1,210	1,513	995	1,325	1325
	Total	1,576	1,331	1,607	2,128	1,447	1,700	1675
NB	Semi-detached	113	114	186	254	293	310	270
	Row	26	153	68	143	256	175	130
	Apartment	498	622	839	953	428	545	420
	Total	637	889	1,093	1,350	977	1,030	820
QC	Semi-detached	1,291	1,309	1,855	2,432	2,932	2,500	2,400
	Row	858	869	964	773	1,109	900	800
	Apartment	7,197	8,311	14,376	19,859	25,536	21,100	18,300
	Total	9,346	10,489	17,195	23,064	29,577	24,500	21,500
ON	Semi-detached	7,167	7,106	6,886	6,379	5,172	4,600	3,800
	Row	10,846	10,269	11,849	12,191	12,824	12,900	12,000
	Apartment	12,421	16,275	13,748	19,000	18,189	20,500	19,700
	Total	30,434	33,650	32,483	37,570	36,185	38,000	35,500
MAN	Semi-detached	52	51	68	88	132	105	70
	Row	63	84	76	62	92	95	80
	Apartment	97	368	457	891	732	800	850
	Total	212	503	601	1,041	956	1,000	1,000
SK	Semi-detached	148	116	142	95	184	150	200
	Row	173	240	456	594	681	600	400
	Apartment	302	398	434	529	723	900	800
	Total	623	754	1,032	1,218	1,588	1,650	1,400
ALB	Semi-detached	1,518	1,957	2,869	2,567	2,916	2,950	3,500
	Row	1,545	1,779	2,531	2,859	2,401	2,350	2,800
	Apartment	6,368	5,669	8,834	8,827	8,466	7,700	6,200
	Total	9,431	9,405	14,234	14,253	13,783	13,000	12,500
B.C.	Semi-detached	885	916	1,225	1,353	2,062	2,200	2,250
	Row	1,675	1,686	2,305	3,297	4,387	4,500	4,350
	Apartment	4,410	6,770	7,365	9,272	12,420	13,100	12,400
	Total	6,970	9,372	10,895	13,922	18,869	19,800	19,000
CAN	Semi-detached	11,530	11,883	13,584	13,644	14,297	13,250	12,890
	Row	15,247	15,166	18,482	20,343	22,067	21,735	20,780
	Apartment	32,692	39,658	47,594	61,212	67,896	66,310	60,335
	Total	59,469	66,707	79,660	95,199	104,260	*101,300	*94,000

Source: CMHC Forecast 2005-2006.
* Total does not add due to rounding.

Total Residential Resales
(units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	2,593	2,808	3,014	3,238	3,265	3,100	3,000
%	6.4	8.3	7.3	7.4	0.8	-5.1	-3.2
PEI	1,206	1,234	1,306	1,404	1,500	1,450	1,450
%	1.9	2.3	5.8	7.5	6.8	-3.3	0.0
NS	8,577	9,441	10,243	9,221	8,873	8,750	8,550
%	-2.8	10.1	8.5	-10.0	-3.8	-1.4	-2.3
NB	4,524	4,779	5,089	5,489	5,979	6,050	6,050
%	3.4	5.6	6.5	7.9	8.9	1.2	0.0
QUE	54,160	62,351	68,161	67,130	69,617	65,000	58,000
%	8.8	15.1	9.3	-1.5	3.7	-6.6	-10.8
ONT	147,158	162,318	178,058	184,457	197,354	193,000	186,000
%	-1.0	10.3	9.7	3.6	7.0	-2.2	-3.6
MAN	10,612	11,440	11,108	11,523	12,098	13,000	13,800
%	-2.3	7.8	-2.9	3.7	5.0	7.5	6.2
SASK	7,552	7,971	7,933	7,698	8,172	8,500	8,800
%	-6.2	5.5	-0.5	-3.0	6.2	4.0	3.5
ALTA	43,311	48,989	51,042	51,334	57,460	59,000	56,000
%	1.5	13.1	4.2	0.6	11.9	2.7	-5.1
BC	54,179	69,554	82,737	93,095	96,385	98,000	92,000
%	-6.7	28.4	19.0	12.5	3.5	1.7	-6.1
CAN**	333,872	380,885	418,691	434,589	460,703	*455,900	*433,700
%	-0.3	14.1	9.9	3.8	6.0	-1.0	-4.9

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price
(dollars and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	99,525	104,376	113,081	119,822	131,499	137,000	140,000
%	5.5	4.9	8.3	6.0	9.7	4.2	2.2
PEI	82,883	87,696	94,964	101,745	110,815	114,500	118,000
%	0.9	5.8	8.3	7.1	8.9	3.3	3.1
NS	109,839	115,485	126,669	136,292	146,096	165,000	170,000
%	7.0	5.1	9.7	7.6	7.2	12.9	3.0
NB	91,624	95,947	100,129	105,858	112,933	118,000	120,800
%	4.0	4.7	4.4	5.7	6.7	4.5	2.4
QUE	111,296	115,820	130,403	151,881	170,647	186,000	194,000
%	3.5	4.1	12.6	16.5	12.4	9.0	4.3
ONT	183,841	193,357	210,901	226,824	245,229	264,000	276,000
%	5.6	5.2	9.1	7.5	8.1	7.7	4.5
MAN	87,884	93,192	96,531	106,788	119,245	132,000	140,000
%	1.7	6.0	3.6	10.6	11.7	10.7	6.1
SASK	94,047	98,310	101,297	104,995	110,824	120,000	126,000
%	2.9	4.5	3.0	3.7	5.6	8.3	5.0
ALTA	146,258	153,737	170,253	182,845	194,769	215,000	228,000
%	4.8	5.1	10.7	7.4	6.5	10.4	6.0
BC	221,371	222,822	238,877	259,968	289,107	319,000	337,000
%	2.8	0.7	7.2	8.8	11.2	10.3	5.6
CAN**	164,036	171,801	188,785	207,162	226,283	*246,700	*258,700
%	3.7	4.7	9.9	9.7	9.2	9.0	4.9

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	-1.4	3.1	1.6	2.4	1.3	0.5	0.2
PEI	4.3	1.4	1.4	2.4	0.8	2.0	1.2
NS	2.0	1.0	1.7	2.1	2.4	1.5	1.3
NB	1.7	-0.2	3.7	0.3	1.9	0.8	1.2
QUE	2.5	1.1	3.7	1.6	1.7	1.1	1.1
ONT	3.2	1.9	1.9	2.9	1.7	1.3	1.4
MAN	2.2	0.5	2.4	0.5	1.0	1.3	1.6
SASK	0.4	-2.7	1.7	1.5	1.0	1.5	1.1
ALTA	2.7	2.9	2.5	2.8	2.3	1.9	1.7
BC	2.0	-0.4	2.0	2.8	2.3	3.0	2.3
CAN	2.6	1.3	2.4	2.3	1.8	1.5	1.4

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

Unemployment Rate (percent)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	16.7	16.0	16.6	16.4	15.6	15.2	15.4
PEI	12.1	12.0	12.1	11.0	11.3	10.9	10.9
NS	9.1	9.8	9.6	9.1	8.8	8.5	8.3
NB	10.0	11.1	10.2	10.3	9.8	9.4	9.4
QUE	8.5	8.8	8.7	9.2	8.5	8.6	8.7
ONT	5.8	6.4	7.1	7.0	6.8	6.7	6.6
MAN	5.0	5.1	5.1	5.0	5.3	5.2	5.1
SASK	5.2	5.8	5.7	5.6	5.3	5.1	5.0
ALTA	5.0	4.7	5.3	5.1	4.6	4.4	4.3
BC	7.2	7.7	8.5	8.0	7.2	6.3	6.1
CAN	6.8	7.2	7.7	7.6	7.2	7.0	6.9

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	5.2	1.3	16.7	6.8	-0.7	2.0	5.0
PEI	1.9	-0.3	6.1	1.9	1.7	2.0	2.2
NS	3.1	2.9	5.2	1.2	1.5	2.3	2.8
NB	2.1	1.3	4.8	2.5	2.6	2.5	2.8
QUE	4.3	1.1	4.1	1.9	2.2	2.5	2.7
ONT	5.9	2.0	3.4	1.6	2.6	2.4	2.8
MAN	4.3	0.8	2.2	1.5	2.3	3.0	3.1
SASK	2.6	-1.8	-0.3	4.5	3.5	2.9	2.9
ALTA	6.1	1.6	2.4	2.7	3.7	3.8	4.1
BC	4.6	0.9	3.3	2.5	3.9	3.5	3.3
CAN	5.2	1.8	3.4	2.0	2.9	2.8	3.2

Sources: Statistics Canada, CMHC Estimate 2004, CMHC Forecast 2005-2006
(F) Forecast.

Total Net Migration* (persons)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	-4,725	-3,765	-2,718	-454	-1,878	-2,700	-2,250
PEI	20	357	151	461	78	175	225
NS	-564	-195	1,068	1,484	244	800	950
NB	-1,411	-1,175	543	-761	64	-350	-600
QUE	14,848	27,730	28,012	31,515	33,299	33,000	34,000
ONT	151,099	162,871	134,176	101,198	97,062	103,000	107,000
MAN	-377	-807	1,722	3,245	6,025	6,250	6,750
SASK	-7,648	-7,675	-6,334	-2,998	-1,711	-1,000	-800
ALTA	34,012	38,273	29,100	22,395	24,758	25,400	26,200
BC	14,483	28,700	23,105	31,660	35,556	40,000	44,000
CAN**	199,737	244,314	208,825	187,745	193,497	*204,575	*215,475

Sources: Statistics Canada, CMHC Estimate 2004. CMHC Forecast 2005-2006. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +
Victoria	2004	2,363	1,038	9.0	7,685	325,412	0.6
	2005(F)	2,550	1,090	7.5	7,850	355,000	1.2
	2006(F)	2,325	1,020	6.0	7,500	360,000	2.1
Vancouver	2004	19,430	5,614	5.0	37,972	373,877	1.3
	2005(F)	19,400	4,800	5.2	36,000	405,000	1.5
	2006(F)	18,500	4,500	5.0	35,000	425,000	1.5
Abbotsford	2004	1,083	607	n.a.	3,740	232,175	2.8
	2005(F)	950	525	na	3,500	245,000	3.0
	2006(F)	910	500	na	3,300	250,000	2.5
Edmonton	2004	11,488	6,614	4.0	17,652	179,610	5.3
	2005(F)	10,700	6,500	4.0	17,600	191,000	4.8
	2006(F)	10,250	6,250	4.0	17,000	201,000	4.4
Calgary	2004	14,008	8,233	5.6	26,511	222,860	4.3
	2005(F)	13,700	8,500	5.0	28,750	242,800	4.2
	2006(F)	13,000	8,000	4.0	28,250	261,000	4.2
Saskatoon	2004	1,578	753	4.7	2,999	132,549	6.3
	2005(F)	1,550	700	5.0	3,200	141,000	5.5
	2006(F)	1,300	700	4.0	3,400	148,000	5.0
Regina	2004	1,242	605	6.5	2,785	111,869	2.7
	2005(F)	1,250	600	7.0	2,900	123,000	2.7
	2006(F)	1,150	550	6.0	3,000	135,000	3.0
Winnipeg	2004	2,489	1,882	6.4	10,797	121,925	1.1
	2005(F)	2,650	1,900	7.4	11,700	135,000	1.3
	2006(F)	2,800	2,000	6.1	12,500	146,000	1.5
Thunder Bay	2004	287	241	1.9	1,453	112,500	5.0
	2005(F)	265	200	1.5	1,380	113,625	5.5
	2006(F)	240	190	1.0	1,350	114,193	6.0
Sudbury	2004	388	374	1.9	2,500	122,866	2.6
	2005(F)	440	390	1.5	2,600	126,500	2.0
	2006(F)	420	370	1.0	2,488	129,000	2.5
Windsor	2004	2,287	1,539	0.4	5,800	159,597	8.8
	2005(F)	1,720	1,200	3.0	5,500	165,000	6.5
	2006(F)	1,585	1,100	3.0	5,300	170,000	6.0
London	2004	3,078	2,336	4.8	9,238	167,344	3.7
	2005(F)	3,165	1,925	4.5	8,750	177,000	4.2
	2006(F)	2,590	1,860	3.3	8,200	181,500	4.0
Kitchener	2004	3,912	2,374	4.5	5,931	205,639	3.5
	2005(F)	4,000	2,100	5.5	6,200	219,000	3.2
	2006(F)	3,870	2,000	6.0	6,150	230,000	3.0
St. Catharines-Niagara	2004	1,781	1,292	6.9	6,723	170,425	2.6
	2005(F)	1,470	1,050	7.5	6,550	184,000	2.2
	2006(F)	1,480	1,000	4.5	6,300	194,000	2.0
Hamilton	2004	4,093	1,995	5.4	13,176	215,922	3.4
	2005(F)	3,500	1,700	6.0	12,800	231,000	3.2
	2006(F)	3,180	1,650	6.4	12,500	244,000	3.0
Toronto	2004	42,115	19,076	5.9	84,854	315,266	4.3
	2005(F)	41,000	15,500	4.5	84,000	341,000	5.0
	2006(F)	38,600	13,000	4.3	83,000	356,000	5.5

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +
Oshawa*	2004	3,153	2,356	na	9,816	237,084	3.4
	2005(F)	2,320	2,000	na	9,000	255,000	3.2
	2006(F)	2,120	1,700	na	8,500	265,000	3.0
Kingston	2004	872	701	na	3,764	175,248	2.4
	2005(F)	850	650	na	3,600	195,000	2.6
	2006(F)	900	670	na	3,500	204,500	2.4
Ottawa	2004	7,243	3,245	6.6	13,457	238,152	3.9
	2005(F)	5,050	2,300	5.5	12,600	248,600	3.5
	2006(F)	4,600	2,100	5.0	12,400	256,100	3.0
Gatineau	2004	3,227	1,561	3.8	3,930	155,099	2.1
	2005(F)	2,300	1,300	3.0	3,700	165,000	2.5
	2006(F)	2,300	1,200	2.5	3,500	172,000	3.0
Montréal	2004	28,673	10,578	6.4	36,022	211,645	1.5
	2005(F)	24,000	8,500	6.1	35,500	227,000	2.7
	2006(F)	20,000	7,300	5.5	34,000	235,000	3.2
Trois-Rivières	2004	874	384	na	816	102,021	1.2
	2005(F)	700	360	na	800	111,000	1.6
	2006(F)	610	300	na	775	114,500	1.9
Sherbrooke	2004	1,355	521	na	1,264	133,700	0.9
	2005(F)	1,000	600	na	1,300	149,700	1.4
	2006(F)	820	550	na	1,350	157,200	1.2
Québec	2004	6,186	2,704	5.7	6,257	139,786	1.1
	2005(F)	5,800	2,650	4.0	6,800	149,000	1.5
	2006(F)	4,800	2,400	3.0	6,900	154,000	1.8
Saguenay	2004	347	244	na	1,077	100,000	5.2
	2005(F)	395	260	na	1,150	110,000	5.4
	2006(F)	410	240	na	1,100	117,000	5.5
Saint John	2004	516	387	2.0	1,612	117,000	5.8
	2005(F)	530	410	4.0	1,650	120,000	5.5
	2006(F)	550	390	2.5	1,650	122,000	5.0
Halifax	2004	2,627	1,510	2.1	5,516	175,132	2.9
	2005(F)	2,600	1,175	1.8	5,500	190,000	2.9
	2006(F)	2,400	1,000	2.2	5,400	195,000	2.5
St. John's	2004	1,834	1,275	5.0	3,203	132,993	3.1
	2005(F)	1,450	1,050	6.0	3,000	138,000	4.0
	2006(F)	1,400	975	3.0	2,900	140,000	4.5
Charlottetown	2004	490	331	3.5	521	139,988	4.5
	2005(F)	475	325	3.5	500	142,500	4.0
	2006(F)	425	300	3.0	500	145,000	3.8
ALL METRO AREAS	2004	169,019	80,370	4.8	327,071		2.7
	2005(F)	155,780	70,260	4.9	324,380		3.2
	2006(F)	143,535	63,815	4.6	317,713		3.5

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.

*MLS® numbers reflect all of Durham Region

n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly percent change)

	03:Q3	03:Q4	04:Q1	04:Q2	04:Q3	04:Q4	05:Q1	05:Q2
New housing								
Building permits, units, thousands	227.7	233.1	234.7	250.2	241.0	239.8	231.3	n.a.
%	6.2	2.4	0.7	6.6	-3.7	0.5	-3.6	n.a.
Housing starts, total, thousands	228.0	225.6	224.0	232.4	236.3	236.9	213.3	235.4
%	12.3	-1.1	-0.7	3.8	1.7	0.3	-10.0	10.4
Housing starts, singles, thousands	123.9	127.5	128.4	125.8	133.3	129.3	117.9	126.8
%	3.7	2.9	0.7	-2.0	6.0	-3.0	-8.8	7.5
Housing starts, multiples, thousands	104.1	98.1	95.6	106.6	103.0	107.6	95.4	108.6
%	24.5	-5.8	-2.5	11.5	-3.4	4.5	-11.3	13.8
Housing completions, total, thousands	55.7	55.0	45.3	48.6	61.6	60.0	47.1	57.7
%	16.4	-1.2	-17.6	7.4	26.7	-2.6	-21.6	9.9
New house price index, 1997=100	117.3	119.0	120.4	122.6	124.2	125.4	126.5	n.a.
%	1.2	1.5	1.1	1.9	1.3	1.0	0.9	n.a.
Existing housing								
MLS® resales, units, thousands	462.9	448.5	454.9	477.6	460.6	451.3	453.1	n.a.
%	12.2	-3.1	1.4	5.0	-3.6	-2.0	0.4	n.a.
MLS® average resale price, $C thousands	210,202	215,701	219,782	226,272	225,789	233,148	238,462	n.a.
%	4.1	2.6	1.9	3.0	-0.2	3.3	2.3	n.a.
Mortgage market								
1-year mortgage rate, per cent*	4.55	4.68	4.30	4.57	4.60	4.90	4.88	4.83
5-year mortgage rate, per cent*	6.28	6.45	5.85	6.45	6.38	6.25	6.12	5.90
Residential investment**								
Total, $1997 billions	62.7	63.9	65.3	66.3	67.4	68.2	67.9	n.a.
%	4.3	1.9	2.1	1.6	1.7	1.2	-0.4	n.a.
New, $1997 billions	30.8	32.1	32.6	33.0	33.5	34.1	33.5	n.a.
%	2.9	4.1	1.8	1.2	1.5	1.6	-1.6	n.a.
Alterations, $1997 billions	22.4	22.8	23.5	23.7	24.4	25.3	25.4	n.a.
%	1.0	1.7	3.3	0.5	3.1	3.6	0.5	n.a.
Transfer costs, $1997 billions	9.51	9.13	9.18	9.63	9.59	9.13	9.29	n.a.
%	15.8	-4.0	0.6	4.9	-0.5	-4.8	1.8	n.a.
Deflator, 1997=100	119.4	121.2	122.7	125.8	126.4	127.2	128.5	n.a.
%	1.4	15	1.3	2.5	0.5	0.7	1.0.	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.